Department of Regulatory Agencies

REPORT OF ASSOCIATION FINANCIAL EXAMINATION

AS OF DECEMBER 31, 2007

SECURITY LIFE OF DENVER INSURANCE COMPANY

1290 Broadway
Denver, CO 80203

NAIC Company Code 68713
Group Code

Conducted by:

COLORADO DIVISION OF INSURANCE

CERTIFICATE OF COPY

I, **Marcy Morrison**, Commissioner of Insurance of the State of Colorado, do hereby certify that the attached is a true and correct copy of the Financial Examination Report as of December 31, 2007 for **Security Life of Denver Insurance Company** now on file as a record of this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal of office at the City and County of Denver on this 23rd day of June 2009.

Marcy Morrison

Commissioner of Insurance

REPORT OF ASSOCIATION FINANCIAL EXAMINATION

OF

SECURITY LIFE OF DENVER INSURANCE COMPANY

1290 Broadway
Denver, Colorado 80203

AS OF

DECEMBER 31, 2007

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Atlanta, Georgia

May 15, 2009

Honorable Alfred W. Gross, Commissioner
Chair, Financial Condition (E) Committee, NAIC
State Corporation Commission
Bureau of Insurance
Commonwealth of Virginia
Tyler Building
1300 East Main Street
Richmond, Virginia 23219

Honorable Morris Chavez, Superintendent
Secretary, Western Zone, NAIC
New Mexico Insurance Division
P.E.R.A. Building
1120 Paseo De Peralta
Santa Fe, New Mexico 87501

Honorable Marcy Morrison, Commissioner
Division of Insurance
State of Colorado
1560 Broadway, Suite 850
Denver, Colorado 80202

Commissioners and Superintendent:

Pursuant to your instructions and in compliance with Section 10-1-201, et seq., C.R.S., an Association Financial Examination has been made of the financial condition and affairs of:

SECURITY LIFE OF DENVER INSURANCE COMPANY

Statutory Home Office:
1290 Broadway
Denver, Colorado 80203

Primary Location of Books and Records:
5780 Powers Ferry Road
Atlanta, Georgia 30327

and the report thereon is respectfully submitted.

Security Life of Denver Insurance Company, hereinafter referred to as the "Company," was previously examined as of December 31, 2006, under the Association Plan of the National Association of Insurance Commissioners "NAIC". That examination was conducted by Huff, Thomas & Company under the direction of the Colorado Division of Insurance hereinafter referred to as the "Division". No other states participated on that examination. This Association Financial Examination was conducted by Eide Bailly LLP under the direction of the Division. No other states participated on this examination.

The Company has complied with all recommendations contained in the prior examination report.

SCOPE OF EXAMINATION

This examination covers the period from January 1, 2007 through December 31, 2007. During the course of this examination, assets were verified and valued and all known liabilities were established as of December 31, 2007. Accounting and other pertinent records were reviewed to the extent deemed appropriate. The work performed was in accordance with statutory requirements and followed procedures prescribed by the Colorado Examiners Handbook and the NAIC Financial Condition Examiners Handbook. The extent of review on any given account or activity was based on the results of a planning process that included an evaluation of the Company's internal controls, as well as other factors which included an analytical review of financial data, the Company's financial performance during the examination period, prior examination findings and materiality. Consideration was also given to the use of audit work performed by the Company's independent accounting firm and where appropriate, has been utilized herein. All phases of the examination were conducted to determine compliance with the insurance laws and regulations of the State of Colorado. Specific details pertaining to the various phases of the examination are set forth under the appropriate caption in subsequent sections of this report.

The determination to reflect financial adjustments in the financial statements was dependent upon: the materiality of a particular adjustment; the materiality of the total of all immaterial adjustments; and/or compliance with pertinent laws and regulations. Materiality was determined based on the Company's surplus, admitted assets and/or operating results.

The examination did not address market conduct issues relating to policy forms, rates, policyholder treatment and claims settlement practices. These issues are addressed in separate market conduct examinations performed by the Division.

HISTORY AND CAPITAL

History

The present corporate entity is the result of the consolidation of Security Life and Accident Company and Centennial Casualty Company in December 1959.

Security Life and Accident Company was originally incorporated in Colorado as a capital stock life insurance company on August 13, 1929 under the name of Gibraltar Life and Accident Company. The corporate name was subsequently changed to Colorado Life Company on February 28, 1934 and to Security Life and Accident Company on February 17, 1941.

Centennial Casualty Company, a capital stock casualty company, was incorporated under the laws of the State of Colorado on November 19, 1949 and commenced business on May 12, 1950. In 1958, all outstanding shares of Centennial Casualty were acquired by Security Life and Accident Company.

During 1959, Centennial Casualty Company was restructured into a capital stock life insurance company and its name was changed to Centennial Life Insurance Company. Security Life and Accident Company then merged into its subsidiary, Centennial Life Insurance Company, with the surviving corporation changing its name to Security Life and Accident Company.

The present name, Security Life of Denver Insurance Company, was adopted by its shareholders on May 13, 1981. In 2002, the Company merged with First Columbine Life Insurance Company. Effective October 1, 2004, Southland Life Insurance Company was merged into the Company.

As set forth in the Articles of Incorporation, the purposes of the Company are to make insurance and reinsurance on the lives of persons and to transact the business of insurance, which is authorized by statute for a company so organized and licensed.

In accordance with the Certificate of Authority issued by the Division, the Company is authorized to write general life, credit life, accident and health, and annuity lines of business.

Capital

For the period under examination, the Company’s capital has remained at $2,880,000, which is comprised of 144 shares of common stock with a par value of $20,000 per share.

There were no changes to the Company's capital stock during the period from January 1, 2007 through December 31, 2007.

There were no changes to Gross Paid-In And Contributed Surplus during the period from January 1, 2007 through December 31, 2007. There was, however, a reclassification between Gross Paid In and Contributed Surplus and Unassigned Surplus as a result of the 2006 Report of Examination. The reclassification occurred on the March 30, 2008 quarterly statement. Further explanation is included in Note 1 of this Report.

All holders of common stock are entitled to receive dividends out of surplus at a rate determined by the board of directors and payable at such time as the board may declare. The holders of common stock are not granted the preemptive right to purchase any new or additional issues of stock.

Dividends to Stockholders

The Articles of Incorporation allow for the payment of dividends in cash, property, or its own shares, subject to statutory provisions.

During the examination period, the Company paid dividends of $100,000,000 in 2007. There were no extraordinary dividends paid or declared during the examination period.

Surplus Debentures

As of December 31, 2007, the Company had two outstanding surplus notes with an aggregate balance of $165,031,867. The first surplus note was issued in 1994 and the second in 2000. The terms of each surplus note allow the Company to draw up to $100,000,000 at its discretion. The full face amount available for each has been drawn. Prior to the current examination period, the Company made total principal and interest payments of $34,968,133 toward the amounts drawn on the 1994 surplus note. These payments were approved by the Division in accordance with Section 10-3-239, C.R.S.

The original surplus notes were issued to the Company's parent, ING America Insurance Holdings Inc., "ING America" and on January 1, 2001, were assigned to an affiliate, Lion Connecticut Holdings, Inc.

In accordance with the terms of the surplus notes, repayment cannot commence until prior written approval is obtained from the Division. Repayment cannot be made unless, after repayment, the ratio of adjusted capital to company action level is at least 150%, as determined by the NAIC risk based capital computations. The 1994 surplus note was amended twice to reflect changes in the repayment schedule, and was later restated to reflect the assignment noted above and the above amendments. The surplus notes, related amendments, and assignment comply with Section 10-3-239, C.R.S., and have been approved by the Division. There was no repayment of principal or interest made on either of the surplus notes during the period covered by this examination.

AFFILIATED COMPANIES

Organizational Chart

An abbreviated organizational chart depicting the Company's relationship with its parent and affiliates, as of December 31, 2007, is presented below:

ING GROEP N.V (The Netherlands)
- 100% - ING VERZEKERUNGEN N.V. (The Netherlands)
  - 100% - ING INSURANCE INTERNATIONAL B.V. (The Netherlands)
    - 100% - ING AMERICA INSURANCE HOLDINGS, INC. (Delaware) (non insurer)
      - 100% - ING North America Insurance Corporation
      - 100% -Lion Connecticut Holdings Inc. (Connecticut) (non insurer)
        - 100% -ING Investment Management LLC (Delaware) (non insurer)
        - 100% -ING Life Insurance and Annuity Company (Connecticut)
        - 100% -ING USA Annuity and Insurance Life Company (Iowa)
        - 100% -ReliaStar Life Insurance Company (Minnesota)
          - 100% -ReliaStar Life Insurance Company of New York (New York)
      - 100% - **Security Life of Denver Insurance Company (Colorado)**
        - 100% - First Secured Mortgage Deposit Corporation (Colorado) (non insurer)
        - 100% - ING America Equities, Inc. (Colorado) (non insurer)
        - 100% - Midwestern United Life Insurance Company (Indiana)
        - 100% - Draft Funding LLC (Delaware) (non insurer)
        - 100% - Whisperingwind III, LLC (South Carolina) (non insurer)
      - 100% - Security Life of Denver International Limited (Bermuda)

Parent, Subsidiaries and Affiliates

The Company is a member of a holding company system whereby ING Groep N.V. (Netherlands) is the ultimate parent of the group. ING Groep N.V. owns ING Versekeringen N.V. (Netherlands) which owns ING Insurance International B.V. (Netherlands) which in turn owns ING America Insurance Holdings, Inc. ("ING America"). The Company is a wholly owned subsidiary of ING America. The Company is the parent to Midwestern United Life Insurance Company, ("Midwestern") an Indiana domiciled insurer, and four non-insurer subsidiaries.

The ultimate parent of the group, ING Groep N.V. ("ING"), offers banking, investments, life insurance and retirement services. ING had consolidated assets of €1.3 trillion and consolidated equity of €40 billion at year-end 2007. On a consolidated basis, the insurance operations of ING are organized into three centers which include Europe, Insurance Americas and Insurance Asia/Pacific.

All US insurance operations are organized under the holding company, ING America. Within ING America, the US operations are segregated by management centers comprised of the following business units: Life, Annuity, Retirement Services, Group Insurance, Mutual Funds, Institutional Markets, Investment Management, and Group Reinsurance.

Acquisitions, Mergers or Sales

There were no acquisitions, mergers, or sales during the examination period.

Holding Company Filings

The Company is a member of an insurance holding company system, as defined in Section 10-3-801(4), C.R.S. As a member of an insurance holding company system, the Company a Form B filing to the Division for the period under review, in accordance with Section 10-3-804, C.R.S. and Colorado Insurance Regulation 3-4-1. The filing contained the required information pertaining to transactions, relationships and agreements with affiliates.

MANAGEMENT AND CONTROL

The business and affairs of the Company are managed by a board of directors, which consists of six members. The board is assigned the power to exercise general supervision over the business affairs of the Company.

Stockholder Meetings

The by-laws provide that the annual meeting of shareholders be held at such date and time as the board may designate for the election of directors, a chairman and the transaction of such other business as may come before the board.

Special meetings of shareholders may be called by: the chairman of the board, the board of directors acting upon a majority vote, the president, or the secretary of the Company. A written notice of a meeting, stating the time and place and, in the case of special meetings, the purpose for the meeting, must be delivered to each shareholder entitled to vote at the meeting. Any action required to be taken by the shareholders may be taken without a meeting if written consent for such action is given by all shareholders entitled to vote on such matters.

A majority of the outstanding shares, represented in person or by proxy, constitutes a quorum for the transaction of business. The action of a majority of the shareholders present at a meeting in which a quorum exists represents the act of the shareholders.

At all meetings of the shareholders, each shareholder may cast one vote in person or by proxy for each share held.

The Company held one annual shareholder meeting during the period under examination.

Board of Directors

The by-laws provide that the business of the Company shall be managed by a board of directors of not less than five nor more than 15 members. The by-laws allow the number of directors to be increased or decreased by amendment to the by-laws or Articles of Incorporation. Directors are elected at the annual meeting of the shareholders and serve a term until a successor is elected and qualified or until the earlier of resignation or removal.

Pursuant to the by-laws the board may hold regular meetings at such time and place fixed by the board from time to time. The chairman, president, secretary or any other member of the board may call special meetings. Meetings of the board were held at least quarterly throughout the period covered by this examination.

A majority of directors constitutes a quorum for the transaction of business. The action of a majority of the directors present at a meeting in which a quorum exists represents the act of the board of directors.

Directors duly elected and serving at December 31, 2007, together with their city and state of residence and principal occupations, follow:

Name and address	Principal Occupation
Thomas J. McInerney Weatogue, Connecticut	Chairman, President and Chief Executive Officer ING American Insurance Holdings, Inc.
David A. Wheat Duluth, Georgia	Chief Financial Officer ING American Insurance Holdings, Inc.
Bridget M. Healy New York, NY	Executive Vice President and Chief Legal Officer ING America Insurance Holding, Inc.
Kathleen A. Murphy South Glastonbury, Connecticut	Director Security Life of Denver Insurance Company
Catherine H. Smith Northford, Connecticut	Senior Vice President Security Life of Denver Insurance Company
Robert G. Leary New York, NY	Chief Executive Officer ING Investment Management LLC

All directors were serving as of the date of this report with the exception of Ms. Murphy who resigned effective December 31, 2008.

Officers

The operations of the Company and general supervision of its business affairs are under the direction of its corporate officers. The by-laws provide that shareholders may elect a chairman of the board and provide that the board of directors elect a president, treasurer, secretary and one or more vice presidents and secretaries. In addition, the board may annually elect other officers and assistant officers as may be deemed necessary.

The chairman of the board presides at all meetings of the shareholders and the board of directors and shall perform other duties as prescribed by the board.

In accordance with the by-laws, the president shall have operational charge and management of the affairs, property and business of the Company, as well as all duties prescribed by the board from time to time. The president shall also be responsible to ensure that all directives and resolutions of the board are carried into effect. Any business unit president appointed by the president shall be the chief operating executive for and shall have supervisory authority over the business unit for which he is appointed.

The following officers, as well as other senior vice presidents, were duly elected and serving and their respective offices held, at December 31, 2007:

Name	Title
Donald W. Britton	President
J. Randolph Dobo	President, ING Institutional Markets
David A. Wheat	Chief Financial Officer ING America Insurance Holdings, Inc.
Joy Benner	Secretary
Valerie G. Brown	Senior Vice President

Name	Title
Boyd G. Combs	Senior Vice President, Tax
Daniel Patrick Mulheran, Sr.	Senior Vice President
David S. Pendergrass	Senior Vice President and Treasurer
Steven T. Pierson	Senior Vice President and Chief Accounting Officer
Stephen J. Preston	Senior Vice President
Catherine H. Smith	Director and Senior Vice President
Harry N. Stout	Senior Vice President

All officers were serving as of the date of this report with the exception of Mr. Stout who resigned effective April 30, 2008.

Committees

Pursuant to the by-laws, the Company’s board may, in its discretion, appoint one or more committees consisting of one or more members of the board. As of the date of this examination, the Company had not appointed any board committees.

Conflict of Interest

The Company's conflict of interest disclosure process requires directors, officers and key employees to complete a conflict of interest disclosure statement on an annual basis. It was noted the Company's key employees, officers and directors properly completed these conflict of interest statements for all years covered by this examination. The conflict of interest statements are reviewed by the corporate secretary and by the ING Business Ethics Committee, ING America’s board committee. The Company's conflict of interest process was determined to effectively disclose conflicts of interest as defined by its conflict of interest policy.

Service and Management Agreements

The Company was party to the following service and/or management agreements with affiliates:

Administrative Service Agreement – ING North America Insurance Corporation:

Effective January 1, 2001, the Company entered into a service agreement with its affiliate, ING North America Insurance Corporation (“North America”), under which North America provides certain administrative, management, professional, advisory, consulting and other services from time to time. In 2007, the amount of fees paid by the Company under this agreement was $45,142,217.62.

Administrative Service Agreement – Affiliates:

Effective January 1, 2001, and as amended on January 16, 2003, and again in December 31, 2007, the Company entered into a service agreement with its affiliated insurance companies, all of which are under the common control of ING Groep N.V. The parties to the agreement provide certain administrative, management, professional, advisory, consulting and other services to one another, as needed, in an effort to achieve operating economies and expense savings, and to utilize one another’s expertise and resources. Pursuant to this service agreement, the Company received a payment of $9,887.86 from its subsidiary, Midwestern United Life Insurance Company (“Midwestern”) in 2007.

Administrative Services Agreement - ReliaStar Life Insurance Company of New York:

Effective March 1, 2003, the Company entered into an agreement with its affiliate, ReliaStar Life Insurance Company of New York ("RLNY") under which the Company and other companies within the ING group provide certain administrative, management, professional, advisory, consulting and other services to RLNY. During 2007, the amount of fees allocated to the Company under this agreement was $112,053.55.

Investment Management Agreement – ING Investment Management, LLC:

Effective January 1, 1998, the Company entered into an agreement with its affiliate, ING Investment Management, LLC ("ING IM"), a Delaware limited liability company. The agreement provides for ING IM to furnish investment advisory and management services. In 2007, the amount of fees paid by the Company under this agreement was $59,752,373.

Tax Sharing Agreements – ING America:

Effective January 1, 2001, the Company entered into two tax sharing agreements (one for the ING federal consolidated tax return and one for any applicable state or local income tax returns) with its parent, ING America, and certain of ING America's other subsidiaries. In September of 2007, the Company received a final settlement from its parent of $5,726,484 for its 2006 federal taxes. The consolidated federal income tax return was filed in accordance with IRS guidelines. The amounts owed for the 2007 tax year were properly accrued at December 31, 2007.

Letter Agreement – ING IM:

The Company has entered into a Letter Agreement, effective as of January 1, 2005, with ING IM wherein ING IM will provide investment accounting and reporting services on the assets in the Company's Modco portfolio that are managed by non-affiliates, Scottish Re Group Limited and Scottish Re (U.S.), Inc. ING IM will provide the investment accounting services at no cost to the Company.

Reciprocal Loan Agreement – ING America:

Effective July 1, 2005, the Company entered into a reciprocal loan agreement with its parent, ING America. The Company and ING America agree to make short-term cash loans and borrowings to and from each other. This agreement replaced a previous reciprocal loan agreement. At year-end 2007, the Company had no outstanding short-term cash loans or borrowings owed to ING America and/or due from ING America.

Participation Certificate – ING USA Annuity and Insurance Life:

On December 1, 2004, ING USA Annuity and Insurance Life (ING USA) entered into a Participation Certificate under which ING USA obtained a participating interest in a previously existing mortgage loan commitment between the Company, as lender, and a non-affiliated borrower. Upon execution of the participation certificate, the Company's interest in the mortgage loan commitment was reduced from 100% ($200,000,000) to 50% ($100,000,000) of the principal amount available to the non-affiliated borrower.

Derivatives Counterparty – ING USA:

The Company is using its affiliate, ING USA, as a derivatives counterparty because the Company's management has determined that the Company and ING USA have a complementary need to execute certain derivative trades for asset liability matching purposes.. These trades can be executed more cost effectively on an internal basis than they can with third parties. There are two interest rate swap transactions, each for $100 million, effective December 30, 2005. One is for a 5-year term and the other is for a 10-year term. For the 5-year Swap, the Company pays 4.8295% fixed rate on a semi-annual basis and receives from ING USA a 3-month Libor floating rate on a quarterly basis. For the 10-year Swap, the Company pays 4.9005% fixed rate on a semi-annual basis and receives from ING

USA a 3-month Libor floating rate on a quarterly basis. Both of these swaps were terminated on August 31, 2007 in order to reduce the Company's exposure to cash flow variability of assets and liabilities

Senior Note – ING America:
On November 15, 2006, the Company purchased a $300,000,000 Senior Note from its immediate parent, ING America. An amendment was filed on January 14, 2008 which allows for the extension of permitted time to purchase any remaining $100,000,000 of notes until December 31, 2008.

Guaranty Agreement – Midwestern United Life Insurance Company:
The Company entered into a guaranty agreement with its subsidiary, Midwestern dated July 24, 1998, whereby the Company has issued an unconditional guarantee of all obligations to the policyholders of Midwestern. The contingent statutory liability for this guarantee was $146,502,276 as of December 31, 2007.

Guaranty Agreement – Security Life of Denver International Limited:
Effective as of January 1, 2002, the Company, together with its affiliate, ReliaStar Life Insurance Company ("ReliaStar"), entered into a guarantee agreement for the benefit of its Bermuda affiliate, Security Life of Denver International Limited ("SLDI"), whereby the Company and ReliaStar, jointly and severally, agreed to guarantee payments due by SLDI to Financial Security Assurance Inc. ("FSA") pursuant to a reinsurance agreement between SLDI and FSA. The aggregate payments by the Company and ReliaStar, as guarantors, shall not exceed the sum of $250,000,000 and SLDI's share of loss expenses.

All of the preceding agreements were submitted to the Division pursuant to the requirements of Section 10-3-805(4)(a), C.R.S. and Colorado Insurance Regulation 3-4-1.

CORPORATE RECORDS

There were no amendments to the Articles of Incorporation or by-laws during the period covered by this examination.

The minutes of the board of directors meetings during the examination period, and through the date of this report, were reviewed. During 2007, the board held meetings on four occasions and there were eight other meetings conducted through unanimous written consent without a meeting. Based on a review of the minutes and the unanimous written consents, it was noted the minutes adequately record the deliberations and determinations made by the shareholder and the board.

The board reviews and ratifies investments on a quarterly basis as required by Section 10-3-234, C.R.S. Investments are made in accordance with a written investment policy that was approved by the Company's board of directors on March 24, 2005.

Fidelity Bond and Other Insurance

The examination of insurance coverages involved a review of the adequacy of limits and retentions, and whether the insurers were licensed in the State of Colorado. The Company is insured for in excess of $50,000,000 per occurrence against losses from acts of dishonesty and fraud by its employees. This fidelity bond coverage was found to meet the minimum standards required by the provisions of Colorado Insurance Regulation 3-1-1.

Other major insurance coverages in force at December 31, 2007, included commercial personal property, commercial liability, umbrella, workers' compensation and employers' liability. All coverages were determined to be adequate as of December 31, 2007.

Employees' and Agents' Welfare

As a subsidiary of ING America, the Company offers a variety of insurance benefits to its employees, including life, accidental death and disability, long term disability, health and dental. The Company also offers its employees a pension plan and a 401(k) plan.

The Company does not provide similar benefits to its independent agents.

TERRITORY AND PLAN OF OPERATION

Territory

The Company is licensed to transact business in all states, the District of Columbia, and the US Virgin Islands. In New York and Puerto Rico, the Company is an authorized reinsurer only.

Certificates of Authority and/or other evidence of permission to do business in the respective states and territories were reviewed and found to be in proper order and effect.

Plan of Operation

The Company conducts its operations primarily through two business units: Retail Life and Institutional Markets.

The Company's Retail Life business unit markets its portfolio of life insurance products through both the general agency and personal producing general agent channels. Marketing is managed both by account and by geographic region. Account management involves marketing with national organizations of general agencies as well as national organizations of personal producing general agents. The Company employs account managers and regional field personnel to recruit, select, and service these relationships.

General agency and personal producing general agent contracts are signed directly with the Company. General agencies also may contract with its agents for the Company. These parties must all be duly licensed and appointed as required by the states in which they do business with the Company. General agencies and personal producing general agents do not have authority to bind coverage with the Company. The Company provides general agencies and personal producing general agents with the Company's rules and requirements for conducting business with the Company. Home office and field personnel provide training and education to general agencies and personal producing general agents.

General agencies and personal producing general agents are compensated based on a commission schedule set by the Company. General agencies determine the commission schedule for its agents.

The ING Institutional Markets business unit sells guaranteed interest contracts and funding agreements to its institutional buyers such as stable value pension plans and fund managers, securities lending programs, money market funds, and corporations. The sales are supervised by the president of Institutional Markets.

The Company has a marketing relationship with a group of agents referred to as the M Group. These agents write large corporate risks, key person coverages, estate planning products and other specialty coverages. The M Group agents receive commissions, and also share in the profits generated by the business they write, through their ownership interests in M Life Insurance Company ("M Life"). A portion of each policy sold by these agents is reinsured with M Life.

GROWTH OF THE COMPANY

The growth of the Company for the period under examination is presented in the following schedules, which were prepared from information contained in the Company's annual statements for the years indicated. The amounts reported below for 2007 were determined by examination.

Year-end	Admitted assets (including separate accounts)	Liabilities (including separate accounts)	Capital	Surplus
2006	$23,761,828,797	$22,166,484,495	$2,880,000	$1,592,464,302
2007	24,221,950,465	22,916,279,378	2,880,000	1,302,791,087

A schedule of life insurance written or increased, terminated and in force for the period under examination follows:

Year-end	Written or increased	Terminations by death	Other terminations	Insurance in force
2006	$11,482,862	$372,074	$49,531,457	$692,058,469
2007	8,924,227	394,323	47,415,565	653,172,808

A summary of premium income for the period under examination, as reported by line of business (net of reinsurance ceded), is as follows:

Year-end	Life	Annuities	Accident & health	Total
2006	$582,185,006	$75,886,915	$ (1)	$658,071,920
2007	424,104,018	48,380,877	4,203	472,489,098

The Company's net premiums and annuity considerations in 2007 decreased 28% from 2006. The decrease was primarily caused by changes within the reinsurance activity of the Retail Life Business Unit. The Company ceded 100% of its accident and health business in 2006. The premium amount reported for the A&H business represents a premium adjustment from a prior year.

Business In Force By State

Premiums received are allocated by the state of residence of the insured at the time of the receipt of the premium. No discrepancies were noted in the premium allocation by state procedures. The following table lists those states where the majority of the Company's premium is received:

State	Life Insurance Premiums	A & H Premiums	Annuity Premiums	Deposit-type Funds
Arizona	$ 22,657,362	$ 817	$ 556	$ 0
California	99,460,844	3,912	1	0

State	Life Insurance Premiums	A & H Premiums	Annuity Premiums	Deposit-type Funds
Colorado	29,284,857	8,024	17,470	0
Florida	95,743,571	19,582	0	0
Georgia	24,552,661	229,628	601	0
Illinois	39,212,758	1,592	2,221	0
Kansas	6,859,584	33	235	5,095,000,000
Massachusetts	14,964,394	173	0	230,000,000
Michigan	25,104,282	1,668	0	0
Missouri	21,209,971	2,822	2	0
New Jersey	21,607,240	220	0	0
New York	29,016,037	862	2	0
North Carolina	26,767,785	396,687	5,164	0
Ohio	28,555,222	1,926	159	0
Pennsylvania	35,918,068	4,389	600	0
Rhode Island	4,416,080	0	0	0
South Carolina	11,883,483	417,642	7,580	0
Texas	84,960,070	167,633	33,113	0
Virginia	19,645,253	608,966	11,647	0
All Other States	254,092,976	127,456	20,710	30,000
Aggregate Other Alien	43,750,642	3,569	0	0
Other additions*	5,691,551	0	8	0
Total (Direct Business)	$ 945,354,691	$1,997,601	$ 101,069	$5,325,030,000
Plus reinsurance assumed	1,375,162,242	6,001,869	5,290,558	1,300,021,752
Less reinsurance ceded	1,857,790,588	7,898,166	30,646	0
TOTAL	$ 462,726,345	$ 101,304	$5,359,981	$6,625,051,752

*Other additions include amounts for dividends or refunds applied to purchase paid-up additions and annuities plus premium or annuity considerations waived under disability or other contract provisions.

Mortality and Loss Experience

The mortality and loss experience on life and accident and health business is presented in the following schedules:

Life Policies

Year	Death benefits incurred	Reserves released	Net benefits (actual)	Tabular cost expected	Ratio of net actual to expected mortality
2006	$123,173,514	$90,571,207	$32,602,307	$360,056,222	9.05%
2007	162,640,806	97,368,641	65,272,165	369,726,766	17.65

Accident &Health Policies

Year	Premiums earned	Losses and loss expenses incurred	Underwriting expense incurred	Loss and loss expense ratio	Underwriting ratio	Combined ratio*
2006	$704,579	$84,167	$187,572	11.9%	26.6%	38.5%
2007	15,271	10,000	18,645	65.5	122.1	187.6

* (Losses and loss expenses incurred + Underwriting expense incurred)/ Premiums earned. Any percentage greater than 100% means that the Company had a net underwriting loss.

REINSURANCE

Ceded

The Company has a large number of reinsurance agreements that provide automatic and facultative coverage for amounts in excess of the Company's retention. The Company's retention on individual life risks at December 31, 2007 was $10,000,000.

The Company's retention per life:

Rating	Ages 0-70	Ages 71-75	Ages 76-80	Ages 81-85	Ages 86+
Standard to Table 4	$10,000,000	$10,000,000	$6,000,000	$4,000,000	$0
Table 5-8	9,000,000	6,000,000	0	0	0
Table 9-16	3,000,000	0	0	0	0

Individual life risks, both direct and assumed, that exceed the Company's retention are automatically reinsured through a reinsurance pool. The pool members and participation levels may be renewed or may change annually. The Company ceded to multiple pools, each for a different layer of coverage.

The reinsurers' limits are based on a function of rating class and issue age. Below is a summary of the Company's automatic binding limits on its new business pools at December 31, 2007.

Rating	Ages 0-70	Ages 71-75	Ages 76-80	Ages 81-85
Standard – Table 4	$55,000,000	$55,000,000	$33,000,000	$22,000,000
Table 5-8	49,500,000	33,000,000	0	0
Table 9-16	16,500,000	0	0	0

The pool's maximum automatic binding amounts above include the Company's per life retention ($10,000,000 per life).

The Company's total reported ceded premiums and ceded reserve credits were comprised of the following:

	Premiums	Reserves
Scottish Re	$1,323,368,284	$5,595,424,193
Retail Life	522,559,734	1,014,453,205
Retail Annuity	31,488	0
Accident and Health	7,910,624	10,961,138
Southland Life Insurance Company	19,956,611	436,583,870
American Heritage Life – Vision	4,648,449	33,209,714
ING Business Units	$ 555,106,906	$1,495,207,927
Total Ceded Business	$1,878,475,190	$7,090,632,120

The above amounts were compiled from the Company's 2007 Statutory General Ledger and include accruals for ceded premiums. These balances represent premiums earned and differ from the amounts contained in Schedule T (see page 14 of this report) which represent actual premiums collected.

The significant ceded components include business ceded to Scottish Re and cessions made by the Company's retail life business unit. In addition to the reserve credits shown above, the Company also claimed reinsurance recoverables of $45,118,345 as of December 31, 2007.

Individual Life Reinsurance Transaction

On December 31, 2004, the Company and Security Life of Denver International ("SLDI") reinsured its individual life reinsurance to Scottish Re (U.S.), Inc. and Scottish Re Life (Bermuda) Limited on a 100% coinsurance basis. On January 22, 2009, the Company and Security Life of Denver International entered into a Master Asset Purchase Agreement (the "MPA") with Scottish Re Group Limited, Scottish Holdings, Inc., Scottish Re (U.S.), Inc. ("SRUS"), Scottish Re Life (Bermuda) Limited ("SRLB") and Scottish Re (Dublin) Limited (collectively, "Scottish Re") and Hannover Life Reassurance Company of America and Hannover Life Reassurance (Ireland) Limited (collectively, "Hannover Re"). Pursuant to the transactions contemplated by the MPA, which closed on February 20, 2009, SLD and SLDI recaptured all business then-reinsured to Scottish Re and immediately ceded such business to Hannover Re on an indemnity reinsurance basis. In addition, Hannover Re is required to reinsure any business that SLD and SLDI subsequently recapture from the Ballantyne Re reinsurance facility. The transaction has no impact to the balance sheet and income statements of the ING Companies.

ING America, will continue to remain obligated to maintain collateral for certain reserve requirements of the business transferred from SLDI for the duration of such reserve requirements or until the underlying reinsurance contracts are novated to Hannover Re or Hannover Re puts into place its own collateral for such reserve requirements.

In addition to the Scottish Re transactions, a review was conducted of the other significant reinsurance agreements entered into during the period covered by this examination. A summary of these reinsurance agreements by reinsurer are as follows:

On October 27, 2006, the Company created Whisperingwind III, LLC (WWIII), a special purpose financial captive reinsurance company, under the laws of the State of South Carolina. WWIII was not licensed by the South Carolina Department of Insurance until June 25, 2007, and as such did not commence writing insurance business until 2007. As of December 31, 2007, the Company's adjusted carrying value of WWIII is $0.

Effective June 30, 2007, the Company entered into an automatic coinsurance and modified coinsurance reinsurance agreement with WWIII ("the Reinsurer"). Reinsurance coverage is defined as the Reinsurer's quota share indemnification of the Company's contractual liabilities for various Guaranteed Universal Life policies written by the Company from 2005 to 2007 net of the risk ceded by the Company under other agreements. The Reinsurer's quota share is 100%.

Effective July 1, 2007, the Company entered into new automatic and facultative monthly renewable term reinsurance agreements with a pool of reinsurers. This pool covers death benefit risks on all new business permanent life polices (with some exclusions listed) on a quota share basis on amounts in excess of one-half of the Company's maximum dollar limits of retention with the net amount at risk allocated proportionally. The following are the participation limits of the pool participants:

Generali USA Life Reassurance Company	25%
Hanover Life Reinsurance Company of America	15%
RGA Reinsurance Company	15%
SCOR Life U.S. Reinsurance Insurance Company	10%
Swiss Re Life and Health America, Inc.	10%
Transamerica Occidental Life Insurance Company	15%
XL Re Life America Inc.	10%

It was determined the Company properly notified the Division of all reinsurance agreements entered into in accordance with the provisions of Section 10-3-805, C.R.S. and made all necessary filings as required by the provisions of Colorado Insurance Regulation 3-3-2.

The Company's combined reserve credits and reinsurance recoverables for unauthorized reinsurers of $2,316,493,453 as reported on Schedule S, Part 4 of the 2007 Annual Statement were supported by various forms of security including letters of credit, funds withheld, and assets held in trust. All of the Company's security for unauthorized reinsurance complied with the provisions of Section 10-3-118, C.R.S.

During 2007, the Company ceded 100% of its direct and assumed accident and health business to three reinsurers in the following amounts:

Reinsurer	Premiums	Reserves
Central United Life Insurance Company	$4,789,702	$ 3,682,715
Jackson National Life Insurance Company	1,969,536	4,743,601
Security Life of Denver International Limited	1,151,386	2,534,822
Total	$7,910,624	$10,961,138

Assumed

The Company reported reserve credits of $10,404,784,684 for assumed business and $1,365,987,906 of assumed premiums as of December 31, 2007.

The components of the reserve credits and assumed premiums by the Company's business units were as follows:

Business Unit	Premiums	Reserves
Individual Reinsurance:		
Affiliate reinsurers	$ 34,434,949	$ 50,428,337
Non-affiliate reinsurers	1,290,150,644	5,559,367,717
Total Individual Reinsurance	$1,324,585,593	$ 5,609,796,054
Retail Life:		
Affiliate reinsurers	$ 1,459,110	$ 280,915,525
Non-affiliate reinsurers	28,648,476	19,677,417
Total Retail Life	$ 30,107,586	$ 300,592,942
Southland Individual Life:		
Non-Affiliate reinsurance	$ 0	$ 33,871,392
Institutional Markets:		
Affiliate reinsurers	$ 0	$ 2,332,651,685
Non-affiliate reinsurers	21,736	31,268,448
Total Institutional Market	$ 21,736	$ 2,363,920,133
Retail Annuities:		
Affiliate reinsurers	$ 5,290,558	$ 2,091,686,789
Accident and Health:		
Affiliate reinsurers	$ 61,377	$ 11,103
Non-affiliate reinsurers	5,921,056	4,906,271
Total Accident and Health	$ 5,982,433	$ 4,917,374
Total Assumed Business	$1,365,987,906	$10,404,784,684

The above amounts were compiled from the Company's 2007 Statutory General Ledger and include accruals for assumed premiums. These balances represent premiums earned and differ from the amounts contained in Schedule T (see page 14 of this report) which represent actual premiums collected.

As noted from the table above, the largest segment of the Company's assumed business as of December 31, 2007, was its non-affiliated Individual Reinsurance business. The Company's Individual Reinsurance business was 100% retro-ceded to Scottish Re (U.S.) effective December 31, 2004 (please refer to the Ceded section of the report above). As a result, the Company no longer retains any significant assumed business from non-affiliated insurers.

The remaining assumed business was primarily assumed from affiliates. The largest segment of the affiliate assumed business at December 31, 2007 was Retail Annuities which was comprised of annuity business assumed from the Company's affiliate, ING USA.

STATUTORY AND SPECIAL DEPOSITS

In compliance with various statutory and special requirements, the Company maintained the following deposits as of December 31, 2007:

Special Deposits (Not held for the protection of all policyholders):

Location	Type of security	Par value	Statement value	Market value
Arkansas	Bond	$ 766,000	$ 766,000	$ 621,073
California	Bond	83,000	83,000	83,571
Georgia	Bond	180,000	180,000	145,944
Guam	Bond	50,000	50,000	50,344
Massachusetts	Bond	910,000	910,000	757,436
New Mexico	Bond	200,000	200,000	162,160
North Carolina	Bond	1,454,000	1,454,000	1,178,903
Puerto Rico	Bond	1,000,000	1,000,000	1,060,340
U.S. Virgin Islands	Bond	500,000	500,000	503,438
Virginia	Bond	130,000	130,000	130,894
Totals		$5,273,000	$5,273,000	$4,694,103

All Other Deposits (Held for the protection of all policyholders)

Location	Type of security	Par value	Statement value	Market value
Colorado	Bond	$19,500,000	$19,500,000	$19,634,063
Texas	Bond	1,650,000	1,650,000	1,661,344
Totals		$21,150,000	$21,150,000	$21,295,407

The total deposits were reconciled to the Company's records. The above deposit with Colorado complies with the provisions of Sections 10-3-201, 10-3-206, 10-3-210 and 10-3-211, C.R.S., as well as Colorado Insurance Regulation 3-1-2.

ACCOUNTS AND RECORDS

A trial balance was obtained from the Company for the year ending December 31, 2007 and traced to the appropriate assets, liabilities, and income & expense exhibits of the 2007 Annual Statement. The examination of assets and liabilities revealed no material differences in the accounts reported on the trial balance.

The Company utilizes multiple information system applications to conduct its operations and to maintain its accounts and records. Generally, applications vary by business unit and by business process. The Company's Retail Life business unit's primary policy issuance and administration functions are performed through its Vantage, TAS and Pacesetter applications. The Company uses an internally developed application, LifeClaims GLCS, as its principal claims processing and payment application. In addition, the Company's general ledger, financial reporting and other financial functions are performed through its PeopleSoft application. These significant applications are maintained on the Company's mainframe systems.

The Company utilizes commercial software packages for the following other significant business processes:

- Reserve calculations
- Investment management
- Cash management
- Intercompany transactions
- Payroll
- Separate accounts

No material exceptions were noted from a review of controls over the Company's information systems. The Company maintained documentation that adequately demonstrated the Company's controls over the areas of physical and logical security, Wide Area Networks, system and program development, and application program changes. In addition, the Company was found to have a satisfactory disaster/business recovery plan that is regularly tested and reviewed by the Company's information systems personnel.

In accordance with Colorado Insurance Regulation 3-1-4, the Company has engaged a firm of independent certified public accounts to perform annual audits. The Company has filed the audit reports as required by the regulation. The audit workpapers for the examination period were made available and utilized in the course of performing examination procedures where possible.

In accordance with Colorado Insurance Regulation 3-1-3, the Company has filed the actuarial opinions for the examination period, as required by the regulation.

The Company's securities are held in safekeeping by custodians, which are members of the Federal Reserve System and which satisfies the definition of "custodian," as set forth in Colorado Insurance Regulation 3-1-6(III). The custodial agreements were reviewed and found to be in compliance with the requirements of Colorado Insurance Regulation 3-1-6. The Company's custodial agreement with The Bank of New York ("BONY") was reviewed and determined to meet the requirements of Colorado Insurance Regulation 3-1-6.

A review of the Company's records indicates that it routinely escheats unclaimed property to the appropriate jurisdictions.

FINANCIAL STATEMENTS

The following pages present a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2007 as determined by this examination. This statement is followed by supporting statements and reconciliations presented in the following order:

Summary of Operations, for the Year Ended December 31, 2007

Capital and Surplus Account, for the Year Ended December 31, 2007

Reconciliation of Capital and Surplus, December 31, 2005 through December 31, 2007

Analysis of Examination Changes, as of December 31, 2007

Comparative Financial Statements, as of December 31, 2006 and December 31, 2007

STATEMENT OF ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2007

ASSETS

	Assets	Non-admitted assets	Net admitted assets
Bonds	$17,412,903,180	$ 0	$17,412,903,180
Preferred stocks	100,531,351	0	100,531,351
Common stocks	308,497,088	500	308,496,588
First liens - mortgage loans on real estate	1,994,383,894	0	1,994,383,894
Properties held for the production of income	405,170	0	405,170
Cash, cash equivalents, short-term investments	454,074,062	0	454,074,062
Contract loans	1,346,724,103	0	1,346,724,103
Other invested assets	518,396,163	0	518,396,163
Receivables for securities	2,254,151	0	2,254,151
Aggregate write-ins for invested assets	20,572,665	0	20,572,665
Investment income due and accrued	147,927,090	0	147,927,090
Uncollected premiums and agents' balances in the course of collection	(85,059,494)	0	(85,059,494)
Deferred premiums, agents' balances and installments booked but deferred and not yet due	8,877,536	643,831	8,233,705
Amounts recoverable from reinsurers	45,118,345	0	45,118,345
Other amounts receivable under reinsurance contracts	106,048,212	0	106,048,212
Net deferred tax asset	314,693,291	258,333,596	56,359,695
Guaranty funds receivable or on deposit	2,853,421	0	2,853,421
Electronic data processing equipment and Software	74,419	0	74,419
Furniture and equipment, including health care delivery assets	33,167	33,167	0
Net adjustment in assets and liabilities due to foreign exchange rates	1,519,179	0	1,519,179
Receivables from parent, subsidiaries and affiliates (Note 1)	7,499,703	90,331	7,409,372
Health care and other amounts receivable	3,616,153	3,616,153	0
Aggregate write-ins for other than invested assets	144,123,398	12,905,520	131,217,878
Total assets excluding Separate Accounts	$22,856,066,247	$275,623,098	$22,580,443,149
From Separate Accounts statement	1,641,507,316	0	1,641,507,316
Totals assets	$24,497,573,563	$275,623,098	$24,221,950,465

ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS (continued)
DECEMBER 31, 2007

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	$11,294,515,818
Liability for deposit-type contracts	8,206,189,316
Life contract claims	16,841,338
Dividends apportioned for payment	8,046,357
Dividends not yet apportioned	6,000
Coupons and similar benefits	0
Premiums and annuity considerations for life and A&H contracts received in advance	341,911
Other amounts payable on reinsurance	(7,510,089)
Interest maintenance reserve	57,978,643
Commissions to agents due or accrued-life and annuity contracts	6,828,811
General expenses due or accrued	9,602,726
Transfers to Separate Accounts due or accrued (net) accrued	(70,446,287)
Taxes, licenses and fees due or accrued, excluding federal income taxes	9,511,206
Current federal and foreign income taxes	15,340,388
Unearned investment income	36,216,744
Amounts withheld or retained by company as agent or trustee	34,702,257
Amounts held for agents' account	3,241,288
Remittances and items not allocated	69,745,256
Borrowed money and interest thereon	769,673,313
Asset valuation reserve	135,380,204
Reinsurance in unauthorized companies	2,415,780
Funds held under reinsurance treaties with unauthorized reinsurers	428,138,365
Payable to parent, subsidiaries and affiliates	74,897,184
Payable for securities	336,571
Aggregate write-ins for liabilities	172,778,962
Total liabilities excluding Separate Accounts business	21,274,772,062
From Separate Accounts statement	1,641,507,316
Total liabilities	$22,916,279,378
Common capital stock	$ 2,880,000
Aggregate write-ins for other than special surplus funds	217,185,768
Surplus notes	165,031,867
Gross paid in and contributed surplus (Note 1)	1,233,584,381
Unassigned funds (surplus) (Note 1)	(313,010,929)
Total capital and surplus	$ 1,305,671,087
Total liabilities, capital and surplus	$24,221,950,465

SUMMARY OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

Income:	
Premiums and annuity considerations for life and accident and health contracts	$ 472,489,098
Considerations for supplementary contracts with life contingencies	198,457
Net investment income	1,217,929,946
Amortization of Interest Maintenance Reserve (IMR)	(16,846,667)
Separate Accounts net gain from operations excluding unrealized gains or losses	0
Commissions and expense allowances on reinsurance ceded	329,234,800
Reserve adjustments on reinsurance ceded	138,099,407
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	78,360,958
Aggregate write-ins for miscellaneous income	4,628,216
Total income	$2,224,094,215
Deductions:	
Death benefits	$ 162,640,806
Matured endowments	114,300
Annuity benefits	76,686,427
Disability benefits and benefits under accident and health contracts	84,734
Coupons, guaranteed annual pure endowments and similar benefits	(5,435,314)
Surrender benefits and withdrawals for life contracts	1,496,996,010
Interest and adjustments on contract or deposit-type contract funds	567,457,618
Payments on supplementary contracts with life contingencies	849,140
Increase in aggregate reserves for life and accident and health contracts	(749,628,416)
Total deductions	1,549,765,305
Expenses:	
Commissions on premiums, annuity considerations and deposit-type contract funds	188,460,651
Commissions and expense allowances on reinsurance assumed	174,006,297
General insurance expenses	125,766,505
Insurance taxes, licenses and fees, excluding federal income taxes	17,579,137
Increase in loading on deferred and uncollected premiums	5,110
Net transfers to or (from) Separate Accounts net of reinsurance	97,679,010
Aggregate write-ins for deductions	16,538,709
Total deductions and expenses	$2,169,800,724
Net gain from operations before dividends to policyholders and federal income taxes	$ 54,293,491
Dividends to policyholders	8,761,161
Net gain from operations after dividends to policyholders and before federal income taxes	$ 45,532,330
Federal and foreign income taxes incurred	18,207,480
Net gain from operations after dividends to policyholders and federal income tax and before realized capital gains	$ 27,324,850
Net realized capital gains (losses)	(7,100,516)
Net income	$ 20,224,334

CAPITAL AND SURPLUS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2007

Capital and surplus, December 31, 2006	$1,595,344,302
Net income	$ 20,224,334
Change in net unrealized capital losses	(102,703,100)
Change in net unrealized foreign exchange capital gain	1,519,179
Change in net deferred income tax	49,894,249
Change in non-admitted assets and related items	(86,307,157)
Change in liability for reinsurance in unauthorized companies	1,765,970
Change in reserve on account of change in valuation basis, (increase)	(82,909,630)
Change in asset valuation reserve	10,976,995
Surplus (contributed to) withdrawn from Separate Accounts during period	0
Other changes in surplus in Separate Accounts statement	0
Paid in (surplus adjustments)	0
Change in surplus as a result of reinsurance (surplus adjustments)	(2,676,734)
Dividends to stockholders	(100,000,000)
Aggregate write-ins for gains and losses in surplus	542,679
Net change in capital and surplus for the year	$ (289,673,215)
Capital and surplus, December 31, 2007	$1,305,671,087

RECONCILIATION OF CAPITAL AND SURPLUS
DECEMBER 31, 2005 THROUGH DECEMBER 31, 2007

	2006	2007
Capital and surplus, December 31, previous year	$1,529,862,124	$1,559,344,302
Net income	$ 135,443,148	$ 20,224,334
Change in net unrealized capital gains	13,826,322	(102,703,100)
Change in net unrealized foreign exchange capital gain	0	1,519,179
Change in net deferred income tax	(44,149,633)	49,894,249
Change in non-admitted assets and related items	47,656,977	(86,307,157)
Change in liability for reinsurance in unauthorized companies	(772,642)	1,765,970
Change in reserve on account of change in valuation basis (increase)	0	(82,909,630)
Change in asset valuation reserve	5,846,953	10,976,995
Surplus (contributed to) withdrawn from Separate Accounts during period	5,696,376	0
Other changes in surplus in Separate Accounts statement	(5,696,376)	0
Paid in (surplus adjustments)	(4,193,744)	0
Change in surplus as a result of reinsurance	33,561,772	(2,676,734)
Dividends to stockholders	(115,000,000)	(100,000,000)
Aggregate write-ins for gains and losses in surplus	(6,736,975)	542,679
Net change in capital and surplus for the year	$ 65,482,178	$ (289,673,215)
Capital and surplus, December 31, current year	$1,595,344,302	$1,305,671,087

The above amounts were extracted from the Company's filed annual statements. The 2006 and 2007 amounts were determined by examination.

ANALYSIS OF EXAMINATION CHANGES
DECEMBER 31, 2007

Admitted assets	Per annual statement	Per examination	Surplus increase (decrease)
Total assets	$24,221,950,465	$24,221,950,465	$ 0
Liabilities			
Total liabilities	$22,916,279,378	$22,916,279,378	$ 0
Capital and surplus			
Gross paid in and contributed Surplus (Note 1)	$ 1,237,778,125	$ 1,233,584,381	$ (4,193,744)
Unassigned Funds (Note 1)	(317,204,673)	(313,010,929)	4,193,744
Total capital and surplus	$ 1,305,671,087	$ 1,305,671,087	$ 0
Net change per examination			$ 0
Capital and surplus per annual statement			$1,305,671,087
Net change per examination			0
Capital and surplus per examination			$1,305,671,087

COMPARATIVE FINANCIAL STATEMENT
DECEMBER 31, 2006 AND DECEMBER 31, 2007

ADMITTED ASSETS

	December 31, 2006*	December 31, 2007*
Bonds	$17,240,296,968	$17,412,903,180
Preferred stocks	107,043,278	100,531,351
Common stocks	228,778,853	308,496,588
Mortgage loans on real estate: first liens	2,463,431,577	1,994,383,894
Real estate	425,170	405,170
Contract loans	1,263,421,750	1,346,724,103
Cash and short-term investments	273,362,348	454,074,062
Other invested assets	268,464,896	518,396,163
Receivable for securities	22,775,708	2,254,151
Aggregate write-ins for invested assets	29,351,863	20,572,665
Amounts recoverable from reinsurers	36,366,471	45,118,345
Experience ratings and other refunds due	0	0
Other amounts receivable under reinsurance contracts	40,430,184	106,048,212
Net deferred tax asset	57,721,623	56,359,695
Electronic data processing equipment and software	0	74,419
Federal and foreign income taxes recoverable	0	0
Guaranty funds receivable or on deposit	2,830,042	2,853,421
Life and annuity deferred and uncollected	(25,773,153)	(76,825,789)
Investment income due and accrued	184,726,230	147,927,090
Net adjustment in assets and liabilities due to foreign exchange rates	0	1,519,179
Receivable from parent, subsidiaries and affiliates	31,096,663	7,409,372
Aggregate write-ins for other than invested assets	21,451,286	131,217,878
Total assets excluding Separate Accounts	$22,246,201,757	$22,580,443,149
From Separate Accounts statement	1,515,627,040	1,641,507,316
Total admitted assets	$23,761,828,797	$24,221,950,465

* As determined by examination

COMPARATIVE FINANACIAL STATEMENT
DECEMBER 31, 2006 AND DECEMBER 31, 2007

LIABILITIES, CAPITAL SURPLUS AND OTHER FUNDS

	December 31, 2006*	December 31, 2007*
Aggregate reserve for life contracts	$11,961,260,010	$11,294,515,818
Aggregate reserve for accident and health contracts	0	0
Liability for deposit-type contracts	7,040,384,936	8,206,189,316
Contract claims:		
Life	8,064,712	16,841,338
Accident and health	0	0
Policyholders' dividend and coupons apportioned for Payment	2,799,863	8,046,357
Dividends not yet apportioned	6,000	6,000
Coupons and similar benefits	5,440,922	0
Premiums and annuity considerations received in Advance	426,227	341,911
Provision for experience rated refunds	0	0
Other amounts payable on reinsurance	(381,766)	(7,510,089)
Interest maintenance reserve	68,201,055	57,978,643
Commissions to agents due or accrued	3,260,408	6,828,811
Commissions and expense allowances payable on reinsurance assumed	0	0
General expenses due or accrued	9,724,720	9,602,726
Transfers to separate accounts due or accrued	(85,769,991)	(70,446,287)
Taxes, licenses and fees due or accrued	6,319,600	9,511,206
Federal income taxes due or accrued	43,972,397	15,340,388
Unearned investment income	33,517,224	36,216,744
Amounts withheld or retained by company as agent or Trustee	40,883,867	34,702,257
Amounts held for agents' account	3,203,097	3,241,288
Remittances and items not allocated	34,258,941	69,745,256
Borrowed money and interest thereon	791,398,438	769,673,313
Liability for benefits for employees and agents	0	0
Asset valuation reserve	146,357,200	135,380,204
Reinsurance in unauthorized companies	4,181,750	2,415,780
Funds held under reinsurance treaties with unauthorized Reinsurers	385,420,914	428,138,365
Payable to parent, subsidiaries and affiliates	53,847,482	74,897,184
Drafts outstanding	0	0
Payable for securities	67,039,454	336,571
Aggregate write-ins for liabilities	27,039,995	172,778,962
Total liabilities excluding Separate Accounts	$20,650,857,455	$21,274,772,062
From Separate Accounts statement	1,515,627,040	1,641,507,316
Total liabilities	$22,166,484,495	$22,916,279,378

* As determined by examination

COMPARATIVE FINANCIAL STATEMENT
DECEMBER 31, 2006 AND DECEMBER 31, 2007

LIABILITIES, CAPITAL SURPLUS AND OTHER FUNDS (Continued)

	December 31, 2006*	December 31, 2007*
Common capital stock	$ 2,880,000	$ 2,880,000
Surplus note	165,031,867	165,031,867
Aggregate write-ins for other than special surplus funds (Note 2)	106,418,672	217,185,768
Gross paid in and contributed surplus (Note 1)	1,233,584,381	1,233,584,381
Unassigned funds (Note 1 and Note 2)	87,429,382	(313,010,929)
Total capital and surplus	$ 1,595,344,302	$ 1,305,671,087
Total liabilities, capital, surplus and other funds	$23,761,828,797	$24,221,950,465

* As determined by examination

NOTES TO FINANCIAL STATEMENTS

Note 1 – Gross Paid-In and Contributed Surplus and Unassigned Funds

The report of examination as of December 31, 2001, reduced the value of the Company's Gross Paid In and Contributed Surplus by $9,066,194 because the examiners were unable to determine a fair value for securities contributed by the parent. During the examination as of December 31, 2006, examiners were able to determine a fair market value of $4,872,450 for these securities. The remaining security value of $4,193,744 represents securities contributed to the Company in 2001 by its parent, ING America that were permanently impaired and written off by the Company in 2001. The Company recorded this transaction as a capital loss and reduced its Unassigned Funds by $4,193,744. The Company should not have reduced its Unassigned Funds by $4,193,744 but rather should not have included these securities in its Gross Paid In and Contributed Surplus. As a result, based on the 2006 examination, the Company agreed to reduce its Paid In and Contributed Surplus by $4,193,744 and increase Unassigned Funds by the same amount to properly reflect the transaction. There is no impact on total capital and surplus as a result of this reclassification. It was noted that the Company made this adjustment in its March 31, 2008 quarterly statement.

Note 2 – 2006 Unassigned Funds

It was also noted during this examination that the amount reported by the Company in its 2006 Annual Statement for Aggregate Write-ins for Other Than Special Surplus Funds (page 3, line 31) and Unassigned Funds (page 3, line 35) is different from the amount reported in the Company's 2007 Annual Statement in the Prior Year Column for these same lines. The Company responded that in 2007 when the Company's deferred gain increased due to new reinsurance treaties it was determined that in accordance with 2006 SSAP No. 61, paragraph 47, currently paragraph 48, Life, Deposit-Type and Accident and Health Reinsurance that all the deferred gains should be reported separately on the insurer's statutory financial statement as a surplus item. Therefore, part of the deferred gain, $113.4 million, as of December 31, 2006, previously reported as Unassigned Funds needed to be reclassed to Aggregate Write-ins for Other Than Special Surplus Funds. In 2007, approximately $2.7 million was reported as income on this block of reinsurance with a resulting decrease in the Aggregate Write-ins for Other Than Special Surplus Funds. There was no change to the Total Capital and Surplus line for either year.

SUMMARY

The results of this examination disclosed as of December 31, 2007, the Company had admitted assets of $24,221,950,465 liabilities of $22,916,279,378 and capital and surplus of $1,305,671,087.

As determined by this examination, the Company's total adjusted capital and surplus of $1,447,135,904, under the risk based capital calculation is 837% of the authorized control level as of December 31, 2007.

RECOMMENDATIONS

There were no recommendations made as a result of this examination.

CONCLUSION

The courtesy, assistance and cooperation extended by the officers and employees of the Company during the course of this examination are greatly appreciated.

Alan Burns, FSA, MAAA, of Insurance Strategies Consulting LLC, conducted the actuarial phase of this examination.

In addition to the undersigned, Ryan Havick, CFE, Emilie Brady and Audrey Wade, examiners for Eide Bailly LLP, participated in the examination.

Respectfully submitted,

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Richard J. Nelson, CFE
Examiner-in-Charge
Eide Bailly LLP
For the Division of Insurance
State of Colorado